GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2050
ANSWERED ON:15.03.2002
PROVISIONS OF INCOME - TAX ACT, 1961
RAMJI MANJHI

Will the Minister of FINANCE be pleased to state:

(a) whether an assessee engaged in business of export of any goods is entitled to deduction of profits from such business under the Income-Tax Act, 1961;

(b) if so, the reasons that the assessee firms not engaged in the business of eligible goods export are also availing same facility;

(c) whether firms which had earned foreign exchange by transfer of rights only have also been allowed deductions of profits under the said Act;

(d) if so, the reasons thereof and the action Government propose to take in the matter; and

(e) the number of such cases have come to the notice of the Government in the last three years, the quantum of revenue lost thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) No, Sir. Assessees engaged in the business of export of any goods or merchandise other than those specifically excluded in the Act, are entitled to deduction of profits from such business under the Income-tax Act, 1961.

(b) Corrective action is taken by the field formations wherever wrongful claims are detected.

(c) & (d) Section 80HHC of the Income-tax Act, 1961 providesthat where the assessee being a holder of Export House or Trading House certificate transfers its claim in favour of supporting manufacturer by issuance of disclaimer certificate, then the supporting manufacturer will get deduction in respect of the relevant amount as per the provisions of the IT Act, 1961. No action by Government may be necessary in such cases.

(e) The deductions under the IT Act in respect of export income are allowed by the field formations throughout the country on the basis of documentary evidence, including certificate from the Chartered Accountant regarding correctness of the claim, required to be filed by the assessee along with the Return of Income. No centralised information is maintained by the CBDT in this behalf.